

ADVISORY COMMITTEE SUMMARY

Videoconference - Tuesday, March 24, 2020

Meeting Highlights

The primary purpose of this meeting was to obtain additional feedback from Advisory Committee members on criteria for successful solutions and to share information from peer city research, including successes, drawbacks, outcomes, and applicability to Denver. The Advisory Committee had an initial discussion on the types of incentives to explore further, based on learnings from Denver and peer cities. An updated AHZI Background Report was shared in advance of the meeting. Relevant sections include Criteria to Evaluate Successful Solutions (page 23) and new sections on Peer City Best Practice Research (page 24) and Considerations for Moving Forward (page 40). The meeting presentation was also shared.

Action Items

- Advisory Committee members respond to a follow-up survey by April 2, 2020. This was sent by Analiese Hock on March 27, 2020 (revised link sent March 29, 2020), to further inform technical work. The survey includes updated language for criteria for successful solutions.
- CPD will be leading some small group outreach and may reach out to individual Advisory Committee members to support efforts.

Next Meeting – TBD – likely May or June of 2020

The next meeting will be focused on reviewing initial incentive proposals developed by the project team, likely in May or June 2020. Scheduling is somewhat contingent upon the impacts of COVID and the ability to create opportunities for inclusive outreach and feedback from key stakeholders.

Advisory Committee members are encouraged to submit any questions to Analiese Hock, CPD Project Manager (720-865-2926, analiese.hock@denvergov.org) and to share any process feedback with Laura Sneeringer, CBI Facilitator (720-251-9842, lsneeringer@cbi.org).

AHZI materials are available on the project website: https://www.denvergov.org/content/denvergov/en/community-planning-and-development/zoning/text-amendments/Affordable_Housing_Zoning_Incentive.html

Criteria for Successful Solutions

Analiese Hock, CPD Principal Planner, reviewed draft criteria for successful solutions to inform the evaluation of incentive ideas during future meetings.

Advisory Committee Feedback

Advisory Committee members were asked - are there any key values/ considerations that are not integrated into these criteria that should be? Feedback included the following.

Equity

Original language: Does the proposed incentive system take into account the different needs of Denver's neighborhoods and produce equitable outcomes?

The equity description needs to be further refined to:

- Be in alignment with Blueprint Denver, which states, "ensuring those who have historically been disadvantaged in accessing affordable housing and/or those who have the greatest need are considered/not made worse off, and outcomes are designed to maximize the benefit to these communities wherever possible." Other Blueprint Denver equity concepts to integrate include improving access to opportunity, reducing vulnerability to displacement, and expanding housing and job diversity.
- While it's important to calibrate incentives to specific neighborhoods, it's also important to consider the overall Denver population too (i.e., not just specific neighborhoods).
- It would be helpful to integrate words such as anti-displacement, self-determination, reparations, identity, process, power, historically been disadvantaged.

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- Whatever does result from this group needs to work for the community, have buy-in, and focus on disadvantaged groups.

Market Reality

Original Language: Will the proposed system attract the development community to use the incentive and work in different markets?

- No comments.

Clear Expectations

Original Language: Will the proposed system create a predictable system that provides clarity of expectations to the developers and outcomes to the community?

- No comments.

Accountability

Original Language: Will the proposed system allow for successful implementation, administration, tracking, and monitoring?

- Ensure there is a transparent feedback loop over time - including to stakeholders who are impacted.

Other Comments on Specific Criteria

- At the last meeting, a member recommended that the concept of innovation be integrated to encourage ideas that are bold and to ensure we don't end up with mediocre outcomes. CPD acknowledged the importance of both CPD and the full Advisory Committee being innovative in exploring ideas. CPD is struggling with how to integrate innovation into criteria language and appreciates any ideas.

Comments on Usefulness of the Criteria

Advisory Committee members completed a poll on the following question. How confident are you that using these criteria will lead to meaningful incentives for Denver? The response was split between Confident and Not Sure (no one selected Not Confident). Follow-up discussion included:

- Formal criteria were not used at 38th and Blake, and having criteria may have produced better outcomes. It was a pilot project and was developed with that mindset. For AHZI, the city's goal is to better understand how to move forward with density bonuses in a holistic fashion.
- Chose "Not Sure" because it's difficult to fully consider equity impacts without mapping displacement.
- Criteria alone can't guarantee success. The technical aspects will be far more influential on whether we succeed.
- We are entering into a very uncertain and different market due to COVID.

Peer City Research

Heidi Aggeler, Root Policy, provided an overview of peer city research. The presentation provided examples of inclusionary zoning (Minneapolis, MN, and Portland, OR), affordable housing zoning incentives (Atlanta, GA, Austin, TX, Los Angeles, CA, San Jose, CA and Seattle, WA), and primary findings. The presentation was sent before the meeting and detail is available in the Background Report.

Questions

What is the governance of the peer cities? Are they "home rule"? This was not included in the research. However, it is assumed that most are home rule since most large cities are, though home rule laws regarding impacts of state law on affordable housing impacts are less relevant. It was decided that this is not worth more research.

Do peer cities offer property tax forgiveness? Washington state has enabled a tax rebate program and described in the background report. (Analiese Hock can also provide more information to those interested). Current Colorado tax law does

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not allow for property tax abatement and must use uniform taxation. One relevant, potential strategy could be a rebate program.

Do states require more robust planning (e.g., Washington State vs. Colorado)? This information was not collected as part of the research. This is not directly relevant for the project in terms of how affordable housing programs operate.

Do we know what the critical needs were in these peer cities that led to the interventions they are using? Are the policies based more on meeting the need or on what the city could legally accomplish? Most policies were based on feasibility analyses to determine what was feasible to meet needs, given unique markets.

How were the overlay districts in Atlanta selected? The overlay geographic were primarily based on public infrastructure investments.

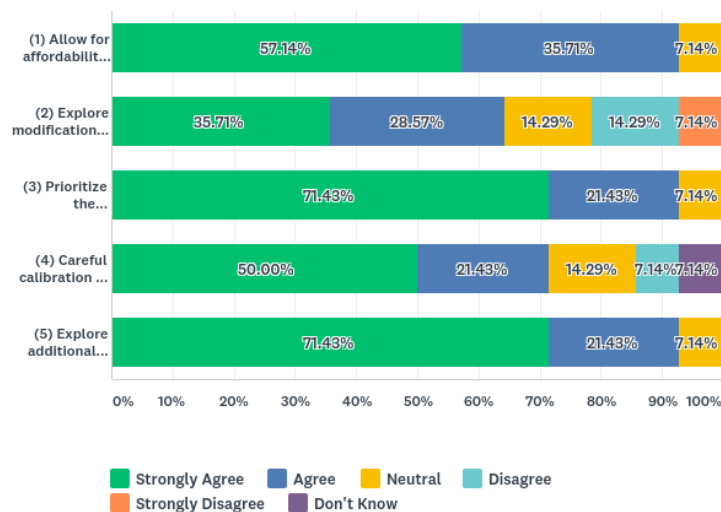
Did you consider Charlotte, NC as a peer city? Charlotte was not researched because it just started a program in 2019 and did not have enough data available to understand outcomes.

How were different cities market rates considered (e.g., Los Angeles has much higher market rates)? This was not included in the research but will be considered in the feasibility study stage.

Incentive Considerations for Denver

Analiese Hock (PM) described five considerations for potential incentives to explore based on the lessons learned from Denver and peer city research. The considerations are listed below and more detail is in the Background Report. Advisory Committee Members first responded to this short poll to get a pulse and then had a discussion.

Q1 CPD should explore the following incentive considerations:



Advisory Committee Feedback

Advisory Committee members were asked to respond to any of the following questions. Questions and feedback are below.

- Any concerns with the provided considerations?
- What is most important about these considerations for a successful incentive system?
- Based on research from Denver and peer cities, which considerations should be added to the list?

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Allow for Affordability Level Blends

- Be cautious about giving up additional height for a small number of units. The community may not see the benefit in this approach.
- Every unit that we build at 50-80% of AMI with incentive zoning, allows us to conserve public subsidy for those at lower incomes. This is a way of growing outcomes without growing public resources.

Need Modifications to Base Heights

- How would this work without down zoning? Maybe it's appropriate to reframe so developers have to provide affordable housing to fully realize the maximum base height in current zoning. This is a way to put a different spin on the downzoning approach.

Prioritize the Construction of Affordable Units

- No comments.

Careful Calibration to Respect Different Contexts

- Concern that there could be negative consequences (e.g., leading to more displacement), based partially on Seattle's experience (not that there has not been any research to either prove or disprove that this program of calibration to different market contexts has led to involuntary displacement)
- We need a better understanding of how this careful calibration would practically work.

Explore Additional Incentives

- Consider parking reductions, expedited review, and other financial incentives. For example, developers could receive a 10% parking reduction for creating 10% affordable units. Flexibility is critical.
- We understand why parking reductions are appealing to developers, and parking remains one of the biggest issues RNOs deal with for residents experiencing densification.
- We need to be careful that incentives don't become so complicated (to be flexible) that we cannot monitor results and provide predictability for neighborhoods. (Analiese Hock referenced "predictability" incentive in response to this comment)

General Questions and Comments

- We need to consider how the affordable units are maintained as affordable for the long term. For example, a multifamily unit could convert to a condo someday and previous parking incentives may not accommodate new the new condo use.
- While the AHZI process is focused on market-rate developers, incentives could also be helpful for affordable housing developers for tax credit projects, etc. Ideas from AHZI should be shared with HOST for the strategic plan.

Questions

- **What are the biggest impediments to getting to AMI level goals?** Regulatory requirements in Denver are largely non-existent, which makes it very difficult to get the units we need. Other than the two overlays districts, Denver does not have a program related to this.
- **Should we be incentivizing people to develop where there already is entitlement? What is an example?** This AHZI project is looking to add incentives in higher-intensity zones, not in a residential context (i.e., not single, two-unit or rowhouse contexts). An example would be rezoning a 5-story base height to 4-story and giving an incentive to go up to 8-story.
- **Will the team be looking at transportation corridors and RTD as it currently functions?** Yes, the number of rail stations are finite. The "transit-rich" definition may need to be modified.

Bike Rack Issues

The following comments or topics have been identified as relevant to the project and identified for city response or additional discussion at an upcoming meeting.

Future AHZI Conversations

- Provide data regarding Denver's TOD corridors, where they are currently, where they will be developed and how this works with RTD as it currently stands

Coordination with Other City Efforts

- None

Participants

Advisory Committee Members

City Council, At Large - Robin Kniech
City Council, District 1 - Amanda Sandoval
Denver East Neighborhoods First - Caroline Carolan
Denver Planning Board Member, Urban Land Conservancy - Erin Clark
Denver Urban Renewal Authority - Tracy Huggins
Enterprise Community Partners - Jennie Rodgers
GES Coalition - Nola Miguel
INC-ZAP; Colorado Latino Forum - Ean Tafoya
McWhinney - David Jaudes
Northeast Denver Housing Center - Dominique L. Acevedo
Palisade Partners - Paul Books
Shames-Makovsky - Dorit Fisher
Wells Fargo - Shelley Marquez
West Colfax RNO - Jessica Dominguez
West Wash Park RNO - Sherri Way
Urbina Strategies - Molly Urbina

City Staff

Analiene Hock, Project Manager
Brandon Shaver, Project Team
Israel Cruz, Project Team
Melissa Thate, Housing Policy Officer
Sarah Showalter, Citywide Planning Manager, Interim Director

Consultant Team

Consensus Building Institute: Laura Sneeringer
Root Policy: Heidi Aggeler, Mollie Fitzpatrick
ArLand Land Use Economics: Arleen Taniwaki